



National Grid plc Board Governance

September 2022

nationalgrid

Contents

MATTERS RESERVED FOR THE BOARD	2
TERMS OF REFERENCE OF THE AUDIT & RISK COMMITTEE	4
TERMS OF REFERENCE OF THE FINANCE COMMITTEE	11
TERMS OF REFERENCE OF THE PEOPLE & GOVERNANCE COMMITTEE	15
TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE	19
TERMS OF REFERENCE OF THE SAFETY & SUSTAINABILITY COMMITTEE	25
RESPONSIBILITIES OF CHAIR, CHIEF EXECUTIVE AND SENIOR INDEPENDENT DIRECTOR	29

MATTERS RESERVED FOR THE BOARD

APPROVED SEPTEMBER 2022.

Introduction

The board of directors (the “Board”) of National Grid plc (the “Company”) is ultimately responsible for the strategy, management, performance and long-term success of the Company and its subsidiaries (the “Group”). Day to day management of the business is delegated to the Chief Executive, however the following matters are reserved for decision by the Board.

1. Strategy, Management and Finance

- 1.1 Approval of significant changes to the Group’s management and control/corporate structure
- 1.2 Approval of National Grid’s finance policy, in particular with regard to tax strategy and off-balance sheet financing
- 1.3 Approval of any material change in National Grid’s accounting policies or practices
- 1.4 Decision to appoint, reappoint or remove auditors, following recommendations from the Audit and Risk Committee
- 1.5 Setting and monitoring the Group’s strategic risk appetite
- 1.6 Approval of and monitoring of the Group’s principal risks
- 1.7 Approval of the Group’s viability statement and associated assessment period
- 1.8 Approval and review of the business strategy and long-term strategic objectives of National Grid in light of the agreed principal risks and risk appetite
- 1.9 Approval of the five year Group strategic plan and annual budget
- 1.10 Any material extension of the Group’s activities into new business or geographic areas
- 1.11 Any decision to cease to operate all or any material part of the Group’s business
- 1.12 Making or responding to any take over bid subject to the City Code on Takeovers and Mergers
- 1.13 Authorising changes affecting the capital structure of National Grid or its status as a plc or listed company
- 1.14 Approval of major capital projects guarantees and indemnities
- 1.15 Approval of major regulatory matters
- 1.16 Approval of appointment of corporate brokers

2 Director and Employee Issues

- 2.1 Changes to the structure, size and composition of the Board and Board Committees
- 2.2 Adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills, experience and knowledge within the Company and on the Board
- 2.3 Division of responsibilities of the Company Chair, Senior Independent Director, Committee Chairs, the Chief Executive and other Executive Directors, which should be clearly established, set out in writing and agreed by the Board
- 2.4 Appointment, re-appointment or removal of Directors and Group General Counsel and Company Secretary
- 2.5 Determination of the independence of Non-executive Directors following recommendations from the People & Governance Committee
- 2.6 Determination of the framework or broad policy for the remuneration of the Company Chair, Chief Executive, Executive Directors, Group General Counsel and Company Secretary and direct reports to the Chief Executive (following recommendation from the Remuneration Committee)

- 2.7 Material changes to rules, funding and management arrangements for the pension schemes and post-retirement healthcare plans (on recommendation of the Executive Committee)
- 2.8 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval upon the recommendation of the remuneration committee
- 2.9 Maintain and oversee mechanisms for considering the balance of interests between shareholders, colleagues and other stakeholders, including customers, suppliers, the community, regulators and Government
- 2.10 Determination of the other significant demands on directors' time prior to, and during, their appointment

3 Corporate Governance

- 3.1 Responsibility for the overall leadership of National Grid and setting the Company's values and standards
- 3.2 Establishing committees of the Board, their terms of reference and approving any material changes thereto
- 3.3 Undertaking a formal and rigorous annual review of its own performance and that of its Committees and individual Directors (in conjunction with the People & Governance Committee)
- 3.4 Ensuring maintenance of a sound system of internal control and risk management arrangements throughout National Grid and conducting an annual review of the effectiveness of these arrangements
- 3.5 Approval of significant new National Grid Policies, Public Position Statements, Procedures and Codes, and major revisions as necessary
- 3.6 Authorising conflicts of interest where permitted by the Company's Articles of Association
- 3.7 Consideration of material allegations or litigation affecting National Grid

4 Financial Reporting and Stakeholders

- 4.1 Approval of full and half-year results announcements and other financial updates to stock exchanges on which National Grid's shares are listed
- 4.2 Approval of the National Grid Annual Report and Accounts and Annual Report on Form 20-F
- 4.3 Approval of the dividend policy and approval and declaration of the interim dividend and recommendation of the final dividend and any scrip dividend alternative
- 4.4 Calling any general meeting of National Grid's shareholders and approval of the Resolutions and documentation sent to shareholders
- 4.5 Ensuring satisfactory dialogue with the Company's key stakeholders to keep in touch with stakeholder opinions, issues and concerns
- 4.6 Authorising the allotment of National Grid shares including under a scrip dividend (through delegations where appropriate) and any purchase of National Grid's own shares (buyback)
- 4.7 Approval of any prospectus, listing particulars or other document requiring to be approved by or filed with a stock exchange on which National Grid shares are listed (other than routine announcements or filings and debt listing particulars)

5 Other

- 5.1 Any other matters of strategic, financial, operational or reputational importance likely to have significant impact on National Grid
- 5.2 This schedule of Matters Reserved for the Board
- 5.3 Approval, on its recommendation, of any item which falls outside the authority delegated to the Executive Committee or any of the Board Committees

TERMS OF REFERENCE OF THE AUDIT & RISK COMMITTEE

APPROVED SEPTEMBER 2022.

Reference to the “Company” shall mean National Grid plc.

Reference to the “Committee” shall mean the Audit & Risk Committee.

Reference to the “Board” shall mean the Board of Directors of the Company.

Reference to the “Group” shall mean the Company and its subsidiaries.

1. Purpose

- 1.1 The Audit & Risk Committee assists the Board in fulfilling its oversight and monitoring responsibilities in respect of the integrity of financial reporting, the effectiveness of internal risk management, control and assurance processes, the Company’s governance framework and the external audit.

2 Membership

- 2.1 The Committee shall be appointed by the Board and shall comprise at least three members on the recommendation of the People & Governance Committee in consultation with the Chair of the Committee. Membership shall normally include at least one member of the Safety & Sustainability Committee.
- 2.2 The Chair and members of the Committee shall all be independent Non-executive Directors. The Chair of the Board shall not be a member of the Committee.
- 2.3 At least one member shall have recent and relevant financial experience and the Committee as a whole shall have competence relevant to the sector in which the Company operates.
- 2.4 Whilst the Committee itself is made up entirely of Non-executive Directors, other people such as the Chair of the Board, Chief Executive, Chief Financial Officer, lead external audit partner, representatives of the external auditor, Group Head of Corporate Audit, Group Chief Risk Officer, Group Financial Controller and Group General Counsel & Company Secretary (or their nominee) may be invited to attend by the Committee. Other individuals (including other Board members) may be invited to attend as and when considered appropriate and necessary.
- 2.5 If a regular member is unable to act due to absence, illness or any other cause, the Chair of the Committee may appoint another independent Non-executive Director of the Company to serve as an alternate member on a short-term basis.
- 2.6 The Board shall appoint the Chair of the Committee. In the absence of the Chair of the Committee and any appointed deputy, the remaining members present shall elect one of their number who is present to chair the meeting.

3 Secretary

- 3.1 The Group General Counsel & Company Secretary or their nominee shall act as the Secretary of the Committee.

4 Quorum and voting

- 4.1 The quorum necessary for the transaction of business shall be two members of the Committee.
- 4.2 If any conflicts of interest exist with a member of the Committee on any issue, then such member of the Committee shall not participate or vote on the issue that gives rise to such conflict of interest.

5 Frequency of Meetings

- 5.1 It is intended that the Committee shall meet not less than four times per year.

6 Notice of Meetings

- 6.1 Meetings of the Committee shall be convened by the Secretary at the request of the Chair of the Committee, any of its members or the external or corporate auditors if they consider it necessary.
- 6.2 Unless otherwise agreed, the Secretary or their nominee shall circulate the notice of each meeting including an agenda of items to be discussed. Any supporting papers shall be circulated or made available electronically to each member of the Committee, members of the Board and any other person required to attend as appropriate.

7 Minutes of Meetings

- 7.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee. These shall be circulated promptly to all members of the Committee.
- 7.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 7.3 The Chair of the Committee, or in their absence another member of the Committee, will report orally to the Board on meetings of the Committee.

8 Shareholder Engagement

- 8.1 The Chair of the Committee shall attend the Annual General Meeting (AGM) and any other General Meetings and be prepared to respond to any shareholder questions on the Committee's activities.
- 8.2 The Chair of the Committee will engage with shareholders, as necessary, on significant matters related to this Committee's areas of responsibility.

9 Duties

The Committee should on behalf of the Board (which retains overall responsibility for Risk Management) carry out the duties below for the Company, subsidiary undertakings and the Group, as appropriate.

9.1 Internal Control, Risk Management and External Compliance

- 9.1.1 Review and report to the Board on the adequacy and effectiveness of the internal controls (including financial, operational and compliance controls), and risk management systems, including any appropriate issues raised in internal control reports and any disclosures with respect to deficiencies in internal controls or any fraud.

- 9.1.2 Review the principal risk profile (excluding Group risks that fall within the remit of the Safety & Sustainability Committee, including but not limited to safety, sustainability and climate risks), to assess the effective management of risk in-line with the Board's risk appetite. This will include regular in-depth reviews ('deep dives') on selected risks during the year, as deemed appropriate.
- 9.1.3 Review the viability assessment and risk stress testing, and the associated disclosures in the Annual Report and Accounts and any similar statement pursuant to applicable listing rules, legislation and best practice.
- 9.1.4 Receive regular reports on risk management and external compliance matters (excluding health and safety related compliance issues reported to the Safety & Sustainability Committee).
- 9.1.5 Advise the Board on the financial risks of proposed strategic transactions (including purchases and disposals) as appropriate, ensuring that a due diligence appraisal of the proposition is undertaken.
- 9.1.6 Consider matters of business conduct and receive reports relating to the Company's Standards of Ethical Business Conduct at least twice a year.
- 9.1.7 Consider the procedures currently in place for the prevention and detection of bribery or fraud. Details of any material non-compliance and any cases of bribery or fraud in the relevant period will be advised, with any significant issues being brought to the Committee's attention as soon as practicable. The Committee shall advise the Board on the adequacy of these procedures and any recommendations for improvements.
- 9.2 **Corporate Audit**
- 9.2.1 The Committee shall approve the appointment of the Group Head of Corporate Audit. The Group Head of Corporate Audit shall not be removed without the approval of the Committee and shall be accountable to the Committee.
- 9.2.2 The Chair of the Committee shall work with the Chief Financial Officer, to provide input into the annual performance assessment, objective setting process and remuneration for the Group Head of Corporate Audit.
- 9.2.3 Consider and approve the Corporate Audit Charter to ensure its independence and effectiveness and its appropriateness to the current needs of the Company in accordance with relevant professional standards.
- 9.2.4 Monitor and evaluate the performance and effectiveness of corporate audit, including obtaining an independent, external quality assurance review at appropriate intervals, and at least every five years.
- 9.2.5 Review, assess and approve the Company's annual corporate audit plan. Review the management of agreed corporate audit matters to ensure they are appropriate in the overall context of the Company's risk management system.
- 9.2.6 Review corporate auditor reports dealing with key control issues, the effectiveness of the Company's risk management processes, any significant control findings and management's responsiveness to such matters.

- 9.2.7 Meet with the Group Head of Corporate Audit at least once each year without management being present. The Group Head of Corporate Audit should have access to the Chair of the Board, the Chair of the Committee and to the other members of the Committee.

9.3 External Audit

- 9.3.1 Consider and make recommendations to the Board matters to be put to shareholders, in relation to the appointment, re-appointment, oversight and removal of the Company's external auditor. If an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required.

The Committee shall:

- 9.3.1.1 keep under review the relationship with the external auditor including (but not limited to): the approval of the remuneration of the external auditor, the proportion of fees for non-audit services in relation to the overall fee income;
- 9.3.1.2 approve the terms of engagement;
- 9.3.1.3 review and monitor the independence and objectivity of the external auditor, taking into account the relationship with the external auditor, and satisfy itself that there are no relationships between the external auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- 9.3.1.4 undertake (and reporting to the Board on) an annual assessment of the qualifications, expertise and resources of the external auditor; the effectiveness and adequacy of the audit process (including a report from the external auditor on their own internal quality procedures and transparency reports);
- 9.3.1.5 ensure appropriate interaction with the activities of the corporate audit function;
- 9.3.1.6 discuss with the external auditor concerning such issues as compliance with accounting standards and any proposals which the external auditor has made in relation to the Company's corporate audit function;
- 9.3.1.7 evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;
- 9.3.1.8 review the external audit plan and ensure that it is consistent with the scope of the audit engagement;
- 9.3.1.9 meet with the external auditor at least once each year without management being present;
- 9.3.1.10 review the findings of the audit with the external auditor including, but not limited to, discussing any major issues and management's response to such issues; accounting and audit judgments; and levels of errors identified;
- 9.3.1.11 put out to tender the audit contract at least once every ten years, or sooner if required;
- 9.3.1.12 review any representation letters requested by the external auditor before they are signed by management; and
- 9.3.1.13 set a policy in relation to the provision of non-audit services, taking into account relevant UK and US regulations, rules and ethical guidelines, ensuring that the provision of such services does not impair the external auditor's independence or objectivity and report to the Board on this policy and any improvement or action required. The policy shall include consideration to whether the external audit firm is the most suitable supplier of the non-audit service.

9.4 Financial Statements

- 9.4.1 Monitor the integrity of the Company's financial statements included in any results announcements, Annual Report and Accounts and any other formal documents or formal

announcements relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain.

- 9.4.2 Review and challenge where necessary the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made.

9.5 Reporting Responsibilities

- 9.5.1 Make whatever recommendations to the Board it deems appropriate in order that a report to shareholders on internal controls and such other matters can be included in the Annual Report and Accounts and where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.
- 9.5.2 Review results announcements and make recommendations to the Board prior to release as appropriate on significant financial reporting issues and judgement which they contain having regard to matters communicated to it by the external auditor.
- 9.5.3 Review the Annual Report and Accounts and any other report filed with the US Securities and Exchange Commission (SEC) containing financial statements and make recommendations to the Board with respect to the disclosures contained therein.
- 9.5.4 Report to shareholders on its activities, containing such matters as may be required by law, regulation and best practice in the Company's Annual Report and Accounts.
- 9.5.5 In conjunction with the Safety & Sustainability Committee, review the Responsible Business Report disclosures and associated assurance procedures and make recommendations to the Board with respect to the disclosures contained therein.
- 9.5.6 Recommend to the Board whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
- 9.5.7 Report to the Board on how it has discharged its responsibilities, as set out in these terms of reference including matters considered relating to: significant issues in relation to the financial statements; the assessment of the going concern and viability statement; the effectiveness of the external audit process; and any other issues on which the Board has requested the Committee's opinion.

9.6 Other Matters

- 9.6.1 Assist the Board in overseeing compliance with all legal and regulatory requirements in the UK and US.
- 9.6.2 Review any reports of, and discuss any issues raised by, the Disclosure Committee in connection with the Company's disclosures in its reports filed with the SEC and other regulatory authorities.
- 9.6.3 Oversee any investigation of activities which are within its terms of reference and be responsible for resolving any disputes that may arise between the external auditor, corporate auditors and the Company.
- 9.6.4 Review annually its own performance, constitution, and terms of reference to ensure it is operating at maximum effectiveness. The Board should also review the Committee's effectiveness annually.

- 9.6.5 Assure themselves that management have the appropriate processes and controls in place for capital projects.
- 9.6.6 Receive reports, as and when appropriate, from the business on significant areas of concern in relation to any external reporting obligations.

9.7 Complaints and Whistleblowing Procedures

- 9.7.1 Ensure that appropriate procedures are established, and evaluate the effectiveness of such procedures, for the receipt, retention, and treatment of complaints received by the Company.
- 9.7.2 Establish procedures to ensure that submissions from the Company's whistleblowing policy be treated confidentially and anonymously and significant matters are reported the Committee. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters.
- 9.7.3 The Chair of the Committee will be informed on a timely basis of significant matters relating to risk, compliance, ethics, controls or financial reporting should they occur outside of the routine Committee reporting cycle.

9.8 Subsidiary Audit Committees

- 9.9 The Chair of the Committee shall interface with the Audit Committees of Group subsidiary operating companies as appropriate, and at least annually.

10 Committee's Interface with Other Committees

The Committee shall interface with all Committees as necessary including:

- 10.1 the Finance Committee in respect of risk management issues within the Finance Committee's terms of reference and any other matters identified;
- 10.2 the Safety & Sustainability Committee which shall advise the Committee on risks and significant non compliances in relation to safety, environment and health;
- 10.3 the Group Executive Committee with respect to business conduct matters and risk and compliance reports and matters relating to financial results of the Company; and updates to ensure that appropriate whistleblowing policies and processes are in place; and
- 10.4 the Disclosure Committee which shall report matters arising in connection with the preparation of the Disclosure Statements and the Committee's evaluation of the effectiveness of the Company's Disclosure Controls.

11 Authority

- 11.1 Subject to any restrictions imposed by law, the Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties and all employees are directed to cooperate with any request made by the Committee.
- 11.2 The Committee is authorised by the Board to access sufficient resources and professional advice, as is reasonable at the Company's expense, in order to carry out its duties.

- 11.3 Members shall be provided with an induction and ongoing training as appropriate
- 11.4 The Committee shall have the right to publish in the Annual Report and Accounts details of any issues that cannot be resolved between the Committee and the Board.
- 11.5 Save as expressly provided herein, the Committee shall not be entitled to sub-delegate all or any of the powers and authorities delegated to it.

TERMS OF REFERENCE OF THE FINANCE COMMITTEE

APPROVED MARCH 2022.

References to the “Company” shall mean National Grid plc.

References to the “Group” shall mean the Company and its subsidiaries.

References to the “Committee” shall mean the Finance Committee.

References to the “Board” shall mean the Board of Directors of the Company

Introduction

This introduction does not form part of the formal Terms of Reference but is intended to give an indication of the scope of the Finance Committee.

The Finance Committee monitors the Financial Risk of the Group. This risk arises in a number of areas:

- Treasury
- Tax
- Pensions
- Insurance
- Commodities

The **Finance Committee Policy Framework** provides the framework for the policies approved by the Finance Committee.

The duties of the Committee (in relation to the areas within its scope) are:

- Set policy
- Set risk appetite having due regard to the overall risk appetite set by the Board
- Approve the rare, exceptional transactions (which it may refer to the full Board if it considers it to be appropriate to do so, e.g. when there is an equity component)
- Delegate authority to Executive Management for activities
- Review the use of new instruments and set policy and delegations as appropriate
- Monitor risks and activities

From time to time there may be a legal or regulatory reason to request a formal Board approval for items that would otherwise have been delegated to Executive Management. The Committee will consider these items as required.

1. Membership

- 1.1 The Committee shall be appointed by the Board on the recommendation of the People & Governance Committee in consultation with the Chair of the Committee and shall comprise a Chair (who shall be an independent Non-executive Director) and at least 3 other members being the Chief Executive, Chief Financial Officer and one independent Non-executive Director. The independence of the Chair and Non-executive Director shall be as determined by the Board after considering UK and US regulations and best practice.
- 1.2 The Chair of the Board, Group Treasurer & Director of Pensions, Group General Counsel & Company Secretary and any other individual may attend for all or part of the meetings of the Committee at the request of the Chair of the Committee as and when considered appropriate by the Committee.

1.3 The Board shall determine the period for which the Chair of the Committee shall hold office. In the absence of the Committee Chair and/or deputy nominated by them, another Non-executive Director shall chair the meeting.

1.4 If a Non-executive Director is unable to act due to absence, illness or any other cause, the Chair of the Committee may appoint another Non-executive Director of the Company to serve as an alternate member on a short term basis.

2. Secretary

2.1 The Group General Counsel & Company Secretary or their nominee shall act as the Secretary of the Committee.

3. Quorum and Voting

3.1 The quorum necessary for the transaction of business shall be 2, of whom at least 1 must be a Non-executive Director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

3.2 If any conflicts of interest exist with a particular member of the Committee on any particular issue then such member of the Committee shall not participate or vote on the issue that gave rise to such conflict of interest.

4. Meetings

4.1 The Committee shall meet three times a year to coincide with meetings of the Board where possible, and at such other times as the Chair of the Committee or any of its members shall require.

5. Notice of Meetings

5.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chair of the Committee or any of its members.

5.2 Unless otherwise agreed, the Secretary or their nominee shall circulate notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed. Any supporting papers, shall be circulated or made available electronically to each member of the Committee and any other person required to attend no fewer than 4 working days prior to the date of the meeting, or otherwise agreed between the Chair of the Committee and the Secretary, to enable proper consideration of the relevant issues.

6. Minutes of Meetings

6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

6.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

6.3 Minutes of Committee meetings shall be circulated to all members of the Committee and, following approval by the Chair of the Committee to other members of the Board.

6.4 The Chair of the Committee, or in their absence another member of the Committee, will report orally to the Board on meetings of the Committee.

7. Shareholder Engagement

The Chair of the Committee shall:

- 7.1 attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities; and
- 7.2 seek engagement with shareholders on significant matters related to this Committee's areas of responsibility, where necessary.

8. Duties

- 8.1 The Committee should carry out the duties below for the Group, making recommendations to the Boards or Finance Committees of subsidiary companies as appropriate.
- 8.2 The Committee will cover the following activities:
 - Treasury, including:
 - Financing
 - Credit ratings
 - Credit rating agencies
 - Financial investments and cash management
 - Financial counterparty risk
 - Interest rate risk
 - Inflation risk
 - Foreign exchange risk
 - Liquidity management
 - Guarantees, indemnities, and parent company support
 - Derivatives
 - Tax
 - Pensions and post-retirement healthcare plans
 - Insurance and insurable risk
 - Commodities
- 8.3 The Committee will review and approve the risk appetite of the Group in relation to the financial risks arising from the areas within its scope having due regard to the overall risk appetite set by the Board.
- 8.4 The Committee will review and approve the strategy of the Group in relation to the financial risks arising from the areas within its scope, considering the instruments and tools that are available.
- 8.5 The Committee will set policy in relation to the areas within its scope.
- 8.6 The Committee will delegate appropriate authority to Executive management to execute the strategy within the approved policies.
- 8.7 The Committee will monitor the execution of the strategy, adherence to policy and the risk position.
- 8.8 The Committee will ensure that it maintains a current knowledge of the environment in which the Group operates.
- 8.9 The Committee should, on a regular basis but no less than annually, review its own performance, membership and Terms of Reference to ensure it is operating effectively. The Board should also review the Finance Committee's effectiveness annually.

9. Committee's Interface with Other Committees

The Committee shall interface with:

- 9.1 The Group Executive Committee when appropriate which shall receive relevant reports on business issues relevant to the Committee prior to these being considered by the Committee.
- 9.2 The Audit & Risk Committee in respect of risk management issues within the Committee's terms of reference and any other matters referred to the Committee by the Audit & Risk Committee.

10. Authority

- 10.1 Subject to any restrictions imposed by law, the Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties and all employees are directed to cooperate with any request made by the Committee.
- 10.2 The Committee is authorised by the Board to call any employee to be present at a meeting of the Committee as and when required.
- 10.3 The Committee is authorised by the Board to access sufficient resources and professional advice, as is reasonable at the Company's expense, in order to carry out its duties, including access to the Company Secretariat for assistance as required.
- 10.4 Members shall be provided with training as appropriate, both in the form of an induction programme for new members and on an ongoing basis for all members.

TERMS OF REFERENCE OF THE PEOPLE & GOVERNANCE COMMITTEE

APPROVED SEPTEMBER 2022.

Reference to the “Company” shall mean National Grid plc.

Reference to the “Committee” shall mean the People & Governance Committee.

Reference to the “Board” shall mean the Board of Directors of the Company.

Reference to the “Group” shall mean the Company and its subsidiaries.

1 Membership

- 1.1 The Committee shall be appointed by the Board and made up of at least four members, the majority of whom shall be independent Non-executive directors.
- 1.2 The Board shall appoint the Chair of the Committee who shall be the Chair of the Board. For matters relating to succession to the Chair of the Board, including appointment, the Committee will be chaired by the Senior Independent Director. In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present shall elect another member to chair the meeting.
- 1.3 Additional attendees including the Chief People & Culture Officer, Chief Executive and external advisors may attend meetings of the Committee, as and when considered appropriate by the Committee.

2 Secretary

- 2.1 The Group General Counsel & Company Secretary or their nominee shall act as the Secretary of the Committee.

3 Quorum and voting

- 3.1 The quorum necessary for the transaction of business shall be two, both of whom must be independent Non-executive Directors.
- 3.2 If any conflicts of interest exist with a particular member of the Committee on any particular issue then such member of the Committee shall not participate or vote on the issue that gave rise to such conflict of interest.

4 Meetings

- 4.1 The Committee shall meet at least three times a year and otherwise as required.

5 Notice of Meetings

- 5.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chair of the Committee or any of its members.
- 5.2 Unless otherwise agreed, the Secretary or their nominee shall circulate the notice of each meeting confirming the venue, time and date together with an agenda of items to be

discussed. Any supporting papers shall be circulated or made available electronically to each member of the Committee, and any other person required to attend as appropriate.

6 Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

7 Shareholder Engagement

- 7.1 The Chair of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.
- 7.2 The Chair of the Committee will seek engagement with shareholders on significant matters related to this Committee's areas of responsibility, where necessary.

8 Duties

8.1 Board Composition

- 8.1.1 Regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary.

8.2 Board and Senior Management Appointments

The Committee shall make recommendations to the Board relating to:

- 8.2.1 The membership of the Board and other committees of the Board as appropriate;
- 8.2.2 The re-appointment of any Non-executive Director at the conclusion of their specified term of office, and concerning the re-election by shareholders of any Director under the annual re-election provisions of the UK Corporate Governance Code or under the 'retirement by rotation' provisions in the Company's Articles of Association, having due regard to their performance and ability, and why their contribution is important to the Company's long-term sustainable success in the light of the skills, diversity, personal and cognitive attributes, independence, experience and knowledge required, and the need for progressive refreshing of the Board;
- 8.2.3 any matters relating to the continuation in office as a director of any Director at any time;
- 8.2.4 the appointment of any Director, including the Chair; and
- 8.2.5 the Audit & Risk Committee having at least one member with recent and relevant financial experience and that the Audit & Risk Committee as a whole has competence relevant to the sector in which the Company operates, having regard to relevant legal and best practice requirements.

8.3 Nominations and Succession Planning

In identifying suitable candidates the Committee shall:

- 8.3.1 Be responsible for identifying and nominating for the approval of the Board, candidates to serve as Directors of the Company, and also in respect of the position of Group General Counsel & Company Secretary, and the Group Executive Committee;

- 8.3.2 establish the criteria (description of role and capabilities required) for any new position in the light of an evaluation of the balance of skills, knowledge, experience and diversity on the Board;
- 8.3.3 consider candidates from a wide range of backgrounds;
- 8.3.4 consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the board, including gender and thinking styles and educational and professional backgrounds, ensuring the appointees have enough time available to devote to that position;
- 8.3.5 be responsible for ensuring that on appointment to the Board, Non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings; and
- 8.3.6 oversee the development of a diverse pipeline for succession and keep under review the leadership and succession needs of the Company with a view to ensuring the continued ability to compete effectively in the Company's marketplace, taking into account the challenges and opportunities facing the Company and make recommendations to the Board accordingly.

8.4 Performance Reviews and Governance

- 8.4.1 Review and monitor the Board's corporate governance framework and monitor the Board's compliance with corporate governance standards and practices while ensuring that it remains appropriate to the size, complexity and strategy of the Company. Recommend to the Board any revisions deemed necessary, taking into account any significant developments in the law and practice of corporate governance;
- 8.4.2 Review on a regular basis, but no less than annually, its own performance, constitution and terms of reference to ensure it is operating at effectively (the Board should also review the Committee's effectiveness annually); consider candidates from a wide range of backgrounds;
- 8.4.3 Review the directors' conflicts of interest policy and recommend any changes the Committee deems appropriate for approval of the Board;
- 8.4.4 Review the time required from the Non-executive Directors annually and assess whether they are spending enough time to fulfil their duties, together with the proposed schedule of other significant commitments of the Chair of the Board;
- 8.4.5 Review the Board's diversity policy and the effectiveness of its implementation; and
- 8.4.6 Be responsible for determining the principles of which outside directorships may be accepted by Executive Directors.

8.5 Workforce

- 8.5.1 Ownership of the workforce engagement strategy on behalf of the Board and report to the Board on its recommended approach to workforce engagement and activities undertaken throughout the year.
- 8.5.2 Monitor the effectiveness of workforce engagement and Diversity, Equity and Inclusion initiatives and report to the Board on their alignment with the Company's strategy, purpose, values and culture.
- 8.5.3 Review and report back to the board the workforce view and priorities in order to strengthen the 'employee voice' in the boardroom.

8.6 Reporting

- 8.6.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.6.3 The Committee shall provide a report on the work of the People & Governance Committee in discharging its duties and responsibilities during the year for inclusion in the Company's Annual Report and Accounts in line with the UK Corporate Governance Code.

9 Committee's Interface with Other Committees

The Committee shall interface with:

- 9.1 the Group Executive Committee via the Chief Executive who shall keep the Committee advised with respect to leadership and succession issues in the Company, including any risks relating to retaining key personnel; and
- 9.2 the Remuneration Committee with respect to the pay and conditions upon appointment of Directors and direct reports to the Chief Executive recruited on the recommendation of the Committee.

10 Authority

- 10.1 Subject to any restrictions imposed by law, the Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties. All employees are directed to cooperate with any request made by the Committee and be present at a meeting of the Committee as and when required.
- 10.2 The Committee shall not be entitled to sub-delegate all or any of the powers and authority delegated to it.

11 Resources and training

- 11.1 Members of the Committee shall have access to sufficient resources, including access to the Group General Counsel & Company Secretary and Company Secretariat, as required.
- 11.2 The Committee is also authorised to obtain, at the Company's expense and in liaison with the Group General Counsel & Company Secretary and/or the Chief People & Culture Officer as appropriate, outside legal or other professional resources and advice including recruitment consultants on any matters with its terms of reference.
- 11.3 Members of the Committee shall be provided with training as appropriate both in the form of an induction programme for new members and on an ongoing basis for all members.

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

APPROVED MAY 2021.

Reference to the “Company” shall mean National Grid plc.

Reference to the “Committee” shall mean the Remuneration Committee.

Reference to the “Board” shall mean the Board of Directors of the Company.

Reference to the "Group" shall mean the Company and its subsidiaries.

1. Purpose

- 1.1 The Remuneration Committee assists the Board in fulfilling its oversight responsibilities in determining the framework and/or policy for the remuneration of the Board and Group Executive Committee and introducing and monitoring share incentive plans of the Company.

2. Membership

- 2.1 The Committee shall be appointed by the Board on the recommendation of the People & Governance Committee and shall comprise at least four members, who shall be independent Non-executive directors in accordance with UK and US regulations and best practice. A member of the Audit & Risk Committee shall be a member of the Committee.
- 2.2 The Board on the recommendation of the People & Governance Committee shall appoint the Chair of the Committee who shall have served on a remuneration committee for at least 12 months prior to the appointment as Chair. The Chair of the Board shall not be the Chair of the Committee.
- 2.3 The Board shall determine the period for which the Chair and the other Committee members shall hold office.
- 2.4 If a regular member is unable to act due to absence, illness or any other cause, the Chair of the Committee may appoint another independent Non-executive Director of the Company as approved by the People & Governance Committee to serve as an alternate member on a short-term basis.
- 2.5 In the absence of the Chair of the Committee and an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.
- 2.6 The Chair of the Board, Chief Executive, Group General Counsel & Company Secretary, Chief Human Resources Officer, Global Head of Reward and any other individual may attend for all or part of the meetings of the Committee at the request of the Chair of the Committee as and when considered appropriate by the Committee.

3. Secretary

- 3.1 The Group General Counsel & Company Secretary or their nominee shall act as the Secretary of the Committee.

4. Quorum and Voting

- 4.1 The quorum necessary for the transaction of business shall be two members of the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by the Committee.
- 4.2 If any conflicts of interest exist with a particular member of the Committee on any particular issue then such member of the Committee shall not participate or vote on the issue that gave rise to such conflict of interest.

5. Meetings

- 5.1 The Committee shall meet at least three times a year or as required.

6. Notice of Meetings

- 6.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chair of the Committee or any of its members.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be circulated, or made available electronically, to each member of the Committee and any other person required to attend no fewer than four working days prior to the date of the meeting, or otherwise as agreed between the Chair of the Committee and the Secretary, to enable proper consideration of the relevant issues.

7. Minutes of Meetings

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and others in attendance.
- 7.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 7.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, following approval of the Committee Chair, to other members of the Board, and as appropriate, to attendees.
- 7.4 The Chair of the Committee or, in their absence, another member of the Committee shall, as appropriate, keep the Board advised of matters resolved, recommended and/or reviewed by the Committee.

8. Shareholder Engagement

The Chair of the Committee shall:

- 8.1 attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities and engage as required with the Company's major shareholders and report to the Committee and the Board on shareholder views and voting policies on remuneration matters;
- 8.2 review and note following the Annual General Meeting (and at any other relevant time) the views given by shareholders and the results of the shareholder votes on executive pay. Agree how the views of shareholders will be taken into account in determining executive remuneration;
- 8.3 ensure that the Committee meets all other disclosure information requirements in accordance with regulations and with the UK Corporate Governance Code; and

- 8.4 seek engagement with shareholders, as necessary on significant matters related to this Committee's areas of responsibility, where necessary.

9. Duties

The Committee shall:

- 9.1 determine and recommend to the Board the framework or broad policy and setting of the remuneration of the Chair of the Board, Chief Executive, other Executive Directors (the 'Board Directors'), Group General Counsel & Company Secretary and other members of the executive management reporting directly to the Chief Executive, but not for the Non-executive Directors. The remuneration of Non-executive Directors shall be a matter for the Executive Directors of the Board with the guidance of the Chair of the Board, after taking appropriate external advice. No individual shall be involved in any decisions as to their own remuneration;
- 9.2 in determining such policy, consider the business strategy of the Group and how remuneration policy reflects and supports the business strategy and take into account all other factors which it deems necessary including the Company's risk appetite, policies and systems and the views of shareholders and other external stakeholders such as the Investment Association and proxy voting agencies. When setting the Remuneration Policy for the executive management, the Committee should review and note workforce remuneration and related policies and the alignment of incentives and awards with culture and take into account employee engagement feedback. The objective of such policy shall be to ensure members of the Company's executive management are provided with remuneration that promotes the long-term sustainable success of the company, reflects and supports the business strategy, company purpose and values of the Group as well as appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company, without paying more than is necessary;
- 9.3 incorporate provisions within remuneration schemes to ensure there is adequate provision for the withholding and recovery of awards to protect against reward for failure and recommend to the Board for approval;
- 9.4 in respect of the Board Directors, determine a "remuneration policy" which shall be subject to a binding shareholder vote obtained in a General Meeting and with which all future Board Directors' remuneration shall be consistent. Any changes to the overall policy, or exceptions to it, must be approved by shareholders;
- 9.5 liaise with the People & Governance Committee to ensure the remuneration of newly appointed executives is within the Company's overall policy. If any part of the remuneration proposed for a newly appointed Board Director is outside the policy then an amendment to the approved remuneration policy must be approved by a binding shareholder vote;
- 9.6 review periodically (but at least every three years) the overall appropriateness and relevance of the Company's remuneration policy;
- 9.7 determine the policy for and scope of pension arrangements (taking into consideration the wider workforce), service agreements, termination payments and compensation commitments for the individuals set out in 8.1 mindful that a significant proportion of the remuneration package for the Board Directors should be linked to individual and Company performance, focussed on long-term delivery;
- 9.8 within the terms of the approved policy, and having regard to the pay and conditions of all employees of the Group, determine for the Board Directors and other individuals set out in 8.1 within the remit of the Committee:
- 8.8.1 measures and targets for any performance related pay schemes operated by the Company (asking the Board, when appropriate, to seek shareholder approval for any long term incentive arrangements) ensuring such measures and targets are transparent, stretching and rigorously applied; and
- 8.8.2 the total individual remuneration package of each individual including, where appropriate, bonuses, incentive awards and payments and share options;
- 9.9 ensure that contractual terms on termination, and any payments made, are within the terms of the approved policy, fair to the individual, the Company and shareholders, that failure is not rewarded and that the duty to mitigate loss is fully recognised and to the extent they are Board Directors, take into account the requirement for a binding vote to be obtained in General

Meeting for any termination payments (comprising base pay, pension, benefits, bonus and long-term incentive) in excess of 12 months' salary;

- 9.10 in determining such packages and arrangements, give due regard to the principles and provisions of the UK Corporate Governance Code, the UK Listing Authority's Listing Rules and associated guidance and including to the extent deemed appropriate, the rules of the New York Stock Exchange and any other exchange on which the Company's equity securities are listed;
- 9.11 review the design and implementation of all share incentive plans for approval by the Board, the corresponding vesting and additional holding periods (both during and post-employment), including unvested shares, and the minimum shareholding requirement of any of the Executive Directors;
- 9.12 determine each year whether awards will be made under the Company's share incentive plans, indicate where appropriate the overall amount of such awards, determine the individual awards to Board Directors and other individuals within the remit of the Committee set out in 8.1 above and the performance targets to be used and to what extent, if at all, clawback and malus will be invoked, and for Board Directors, take into account the requirement for any determinations not falling within the existing shareholder approved policy, to be subject to shareholder approval;
- 9.13 determine and review at least annually the most appropriate way to assess business performance and the linkage between executive remuneration and achievement of the Group's corporate strategy and objectives, and carry-out an assessment of the linkage ensuring that it can be clearly understood by shareholders;
- 9.14 review and note annually the remuneration trends across the Group and have oversight of and be informed of any major changes to employee pay and benefit structures including bonuses and performance related plans in the Company and any of its subsidiaries to ensure alignment throughout the Company;
- 9.15 review annually a summary of the Committee's consultants' fees for the year, scope of the work carried out and the consultants' policy and procedures on removing any potential conflicts of interest to ensure it is comfortable with them. The consultants shall seek the approval of the Chair of the Committee to tender for or undertake any new work for the Company and such approvals shall be reported to the Committee;
- 9.16 obtain reliable, up-to-date information about remuneration policies and practices in other companies in its peer group and industrial sector of comparable scale and complexity and commission reports or surveys when it considers them necessary;
- 9.17 review and authorise the reimbursement of any claims for expenses from the Chair provided that the Committee may delegate this to the Chief Financial Officer;
- 9.18 authorise for those individuals set out in 8.1 who are eligible their participation in employee share plans from time to time operating in the Company;
- 9.19 in the case of authorising subsidiary companies to participate in existing all employee share plans, delegate authority to the Group General Counsel & Company Secretary and the relevant Executive Director;
- 9.20 make recommendations to the Board with respect to the establishment of, and changes to, the rules of employee equity participation arrangements and administer these arrangements where their rules specify the involvement of the Committee or any other Committee of the Board, unless the Board decides otherwise;
- 9.21 review on a regular basis but no less than annually its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and make recommendations to the Board where improvement or action is needed (the Board should also review the Remuneration Committee's effectiveness annually); and
- 9.22 In carrying out its duties, the Remuneration Committee shall have regard to the Principles and Provisions set out in the UK Corporate Governance Code.

10. Committee Interface with Other Committees

10.1 The Committee shall interface with:

- 10.1.1 the People Governance Committee with respect to the pay and conditions upon appointment of Directors and direct reports to the Chief Executive recruited on the recommendation of the People & Governance Committee;
- 10.1.2 the Share Schemes Sub-Committee with respect to the matters delegated to it, as required; and
- 10.1.3 via a member of the Audit & Risk Committee being a member of the Committee, the Committee shall receive knowledgeable input on setting financial measures and assessing outturns including adjustments and judgements considered by the Audit & Risk Committee.

11. Authority

- 11.1 Subject to any restrictions imposed by law, the Committee is authorised by the Board to seek any information it requires from any employee of the Company and its subsidiaries in order to perform its duties and all employees are directed to cooperate with any request made by the Committee.
- 11.2 The Committee is authorised by the Board to call any Director or employee to be present at a meeting of the Committee as and when required.
- 11.3 The Committee is authorised by the Board to access sufficient resources and professional advice, as is reasonable at the Company's expense, in order to carry out its duties, including access to the Company Secretariat team for assistance as required.
- 11.4 Members shall be provided with training as appropriate, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 11.5 The Committee shall have the authority to establish the Share Schemes Sub-Committee comprising any two Directors and either the Chief Human Resources Officer or the Group General Counsel & Company Secretary and to delegate to it all the powers, authorities and discretions given to the Committee in relation to the operation and/or administration of the employee equity participation arrangements to that Sub-Committee (and for further sub-delegation where appropriate) save in respect of any matters relating to those individuals set out in 8.1 (other than giving effect to decisions made by the Committee) or any other matters specifically reserved by the Committee.
- 11.6 Save as expressly provided herein, the Committee shall not be entitled to sub-delegate all or any of the powers and authorities delegated to it.

12. Remuneration consultants and other advisers

- 12.1 Pursuant to 11.3 above, the Committee may appoint and obtain advice from independent remuneration consultants (who should be a member of the Remuneration Consultants' Group), to secure the attendance of external advisers at its meetings if it considers this necessary, and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations. If a decision is made to engage such advisers or consultants, the Committee shall have the sole authority to retain and terminate them, and to approve their fees and other retention terms. It must satisfy itself and be able to demonstrate the advice received is independent and objective and confirm to the Board that it has done so.
- 12.2 The Committee should review annually the performance of its external consultants and advisers.

13. Reporting responsibilities

The Committee shall:

- 13.1 ensure all statutory and regulatory provisions regarding disclosure of remuneration, including pensions, (as listed in The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, The Companies (Miscellaneous Reporting) Regulations 2018, The Companies (Directors Remuneration Policy and

Directors' Remuneration Report) Regulations 2019 and the Companies Act 2006), are fulfilled; and

- 13.2 produce an annual report of the Company's executive remuneration that comprises three sections: an introductory statement by the Chair of the Committee, a section on policy for the future and a separate section on how policy has been implemented in the preceding year and to ensure it contains all such matters as may be required by law, regulation and best practice and includes all matters as set out in the UK Corporate Governance Code. To ensure the section on future policy is put to a binding shareholder vote (at least every three years) and the section on the preceding year to an advisory shareholder vote every year at the Annual General Meeting.

TERMS OF REFERENCE OF THE SAFETY & SUSTAINABILITY COMMITTEE

APPROVED SEPTEMBER 2022.

Reference to the “Company” shall mean National Grid plc.

Reference to the “Committee” shall mean the Safety & Sustainability Committee

Reference to the “Board” shall mean the Board of Directors of the Company.

Reference to the “Group” shall mean the Company and its subsidiaries.

1. Purpose

1.1 The Safety & Sustainability Committee assists the Board in fulfilling its oversight responsibilities in respect of reviewing and challenging the strategies, policies, initiatives, risk exposure, targets and performance of the Company and, where appropriate, of its suppliers and contractors in relation to safety and sustainability. This includes approving the Company’s sustainability strategy and external reporting and audit plans relating to safety and sustainability. It is also responsible for monitoring the demonstration of management commitment to these areas, the resources applied by the Company to ensure compliance, and for driving improvement.

2. Membership

2.1 The Committee shall be appointed by the Board and shall comprise a minimum of three members, of whom at least two shall be Non-executive Directors.

2.2 The Board shall appoint the Chair of the Committee who shall be a Non-executive Director. In the absence of the Chair of the Committee and any appointed deputy, the remaining members present shall elect a Non-executive Director member present to chair the meeting.

2.3 Additional attendees including external advisors may attend meetings of the Committee regularly or on an ad hoc basis, as and when considered appropriate by the Committee.

2.4 If a regular member is unable to act due to absence, illness or any other cause, the Chair of the Committee may appoint another Non-executive Director of the Company to serve as an alternate member on a short-term basis.

3. Secretary

3.1 The Group General Counsel & Company Secretary or their nominee shall act as the Secretary of the Committee.

4. Quorum and voting

4.1 The quorum necessary for the transaction of business shall be two members of the Committee, at least one being a Non-executive Director.

4.2 If any conflicts of interest exist with a particular member of the Committee on any particular issue, then such member of the Committee shall not participate or vote on the issue that gave rise to such conflict of interest.

5. Meetings

5.1 The Committee shall meet at least three times a year and otherwise as required.

6. Notice of Meetings

6.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chair of the Committee or any of its members.

6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and any supporting papers, shall be

circulated or made available electronically to each member of the Committee, and any other person required to attend as appropriate.

7. Minutes of Meetings

- 7.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

8. Shareholder Engagement

- 8.1 The Chair of the Committee shall attend the Annual General Meeting and General Meetings prepared to respond to any shareholder questions on the Committee's activities.
- 8.2 The Chair of the Committee will seek engagement with shareholders on significant matters related to this Committee's area of responsibility, where necessary.

9. Duties

General

- 9.1 The Committee should carry out the duties below for the Company, subsidiary undertakings and the group as a whole, as appropriate.

Safety

- 9.3 The Committee's duties with regard to safety shall encompass occupational, public and process safety and shall include:
- 9.3.1 regular reports from Company Business Units and periodically individual 'deep dive' business unit reports on performance and key issues relating to safety;
 - 9.3.2 oversight of key issues relating to high potential incidents and in the event of any
 - 9.3.3 fatalities occurring in connection with or significant incidents as a result of the Company's business operations, the Committee shall be kept informed of the circumstances of the incident and measures being taken in the wake of the incident;
 - 9.3.4 review of the Key Performance Indicators and other reporting measures being adopted by the Company in relation to safety, including the results of the Safety Culture Survey;
 - 9.3.5 review of security as necessary, to include physical and personnel security;
 - 9.3.6 consideration of a report from the Company's Chief Engineer to provide an operational update and update on the Company's Engineering Framework;
 - 9.3.7 in the event of any proposed diminution of Group safety rules and standards applied by the Company, the Committee shall be required to consider and approve such diminution;
 - 9.3.7 review and challenge, as necessary, any key issues related to safety identified through the year by the Committee; and
 - 9.3.8 A deep dive in relation to an area of safety as identified by the Committee or through the Audit and Compliance reporting into the Committee.

Sustainability

- 9.4 The Committee's duties with regard to sustainability shall encompass the impact of the Company's operations on the environment, workforce, communities and other stakeholders with whom it interfaces, and how the Company adapts its business in light of climate change and shall include:
- 9.4.1 consideration and challenge of the Company's environmental performance, including the reduction of carbon emissions target and the progress made against targets to reach net zero by 2050;
 - 9.4.2 challenge and approve the Company's sustainability strategy;
 - 9.4.3 review and oversight of the Company's performance with regard to occupational

- health and the wellbeing of the workforce;
- 9.4.4 review, as necessary, of any key issues or topics relating to sustainability identified throughout the year by the Committee; and
- 9.4.5 a deep dive in relation to an area of sustainability as identified by the Committee or through the Audit and Compliance reporting into the Committee.

Audit, Risk and Compliance

- 9.5 The Committee shall:
- 9.5.1 review and challenge the safety and sustainability compliance and risks which the Company faces;
- 9.5.2 review and challenge the findings from safety and sustainability related audits carried out across the Company in the prior year;
- 9.5.3 approve the safety and sustainability related audit plan for the forthcoming year; and
- 9.5.4 receive, as necessary, a report on forthcoming legislation and other requirements relating to safety and sustainability matters likely to affect the Company and consider how the Company will comply with such legislation and other requirements.

External Safety and Sustainability Reporting and Disclosures

- 9.6 With regards to the assurance of external reporting in relation to safety and sustainability, the Committee shall:
- 9.6.1 at the end of each financial year, consider and approve the proposed contents of the Annual Report and Accounts relating to safety and sustainability;
- 9.6.2 at the end of each financial year, consider and approve the safety and sustainability disclosures included in the Responsible Business Report;
- 9.6.3 receive updates on the Company's progress against its climate transition plan and review and approve, as necessary, the annual external disclosure for shareholders, ahead of the Company's Annual General Meeting; and
- 9.6.4 consider scenarios and environmental perspectives in relation to the Company's TCFD reporting.

Chair of the Committee

- 9.7 The Chair of the Committee or, in their absence, another member of the Committee shall:
- 9.7.1 be notified of any fatalities occurring in connection with or as a result of the Company's operations as soon as practicable;
- 9.7.2 be informed by the Chief Executive as to who is investigating any fatalities or serious incidents occurring in connection with or as a result of the Company's operations and endorse any such appointment; and
- 9.7.3 report orally to the Board on meetings of the Committee. All fatal incidents, potential criminal prosecutions, potentially serious near misses and any other matters of appropriate significance will be reported to the first available Board meeting, with details of follow-up action; and advise the Audit & Risk Committee of safety and sustainability risk and compliance matters which the Committee has considered.

Committee performance and terms of reference

- 9.8 The Committee shall, on a regular basis but no less than annually, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness. The Board should also review the Committee's effectiveness annually.

10. Site Visits and Training

- 10.1 Members of the Committee should, where reasonably practicable, plan to attend at least two site visits a year.
- 10.2 The Committee shall consider, on a regular basis the training and ongoing development needs of Committee members in relation to the remit of the Committee. Members shall be

provided with training as appropriate, both in the form of an induction programme for new members and on an ongoing basis for all members.

11. Committee Interface with Other Committees

11.1 The Committee will advise the Audit & Risk Committee on safety and sustainability risks which it has considered.

11.2 The Executive SHE Sub Committee shall review all matters relevant to the business of the Company that are within the remit of the Committee as appropriate prior to these matters being reviewed by the Committee.

12. Authority

12.1 Subject to any restrictions imposed by law, the Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties. All employees are directed to cooperate with any request made by the Committee and be present at a meeting of the Committee as and when required.

12.2 The Committee is authorised by the Board to access sufficient resources and professional advice, as is reasonable at the Company's expense, in order to carry out its duties, including access to the Company Secretariat for assistance as required.

12.3 Members shall be provided with training as appropriate, both in the form of an induction programme for new members and on an ongoing basis for all members.

12.4 The Committee shall be entitled to sub-delegate all or any of the powers and authorities delegated to it as it sees fit.

RESPONSIBILITIES OF CHAIR, CHIEF EXECUTIVE AND SENIOR INDEPENDENT DIRECTOR

APPROVED SEPTEMBER 2022.

All Directors must act in what they consider to be the best interests of the Company, consistent with their statutory duties under the Companies Act 2006, sections 170 to 177. In addition to these statutory duties, below are the main responsibilities of the Chair, CEO and Senior Independent Director. The role and duties can also be found in each of the respective appointment letters.

CHAIR

Role: Managing and leading the Board

Main responsibilities

Board

- To lead and chair the Board and ensure its effectiveness on all aspects of its role
- To lead and chair general meetings and the People & Governance Committee
- To demonstrate objective judgement throughout their tenure and promote a culture of openness and debate
- With the assistance of the Group General Counsel & Company Secretary, promote the highest standards of corporate governance
- Regularly review the performance of the Board, its Committees and the Directors and act on the results and report to the Board, where appropriate
- With support of the Chief Executive ensure effective implementation of Board decisions

Directors

- Manage and review regularly the Board composition and succession planning
- Regularly review training and development needs of the Directors and the Board as a whole
- Facilitate the effective contribution of Non-executive Directors
- Promote effective relationships and open communications
- Encourage active engagement by all members of the Board
- Ensure appropriate delegation of authority from the Board to the Executive Directors
- Ensure constructive relations by acting as the bridge between Executive and Non-executive Directors
- Advise and counsel the Chief Executive
- Liaise with the Senior Independent Director
- Hold regular meetings with the Non-executive Directors without the Executive Directors present
- Ensure full, formal and tailored director induction plans

Meetings

- Manage the Board to ensure enough time is allowed for discussion of complex or contentious issues
- Ensure that Directors receive accurate, timely and clear information to enable the Board to make effective and well considered decisions
- Set the Board agendas and ensure sufficient time is given to items as appropriate with a particular focus on forward looking and strategic issues
- Relations with Shareholders
- Be available for shareholders
- Together with the Chief Executive ensure effective communications with shareholders
- In addition to formal general meetings, maintain sufficient contact with major shareholders/institutional investors to understand their issues and concerns, in particular governance, strategy and remuneration
- Ensure an adequate process for the views of shareholders is communicated to the Board as a whole to ensure all views are clearly understood

- With the assistance of the Group General Counsel & Company Secretary, establish processes that enable the Board to understand the views of the Company's shareholders, workforce, customers and other key stakeholders to be considered in Board discussions and decision making

CHIEF EXECUTIVE

Role: Managing the Company and the Group's business

Main responsibilities

Company

- Leadership of the Group Executive Committee and the senior executive team in the day to day running of the Group's business, including chairing the Group Executive Committee and communicating its decisions/recommendations to the Board
- Formulate and implement corporate vision, strategy and business plans, including the identification of new business developments and acquisitions, for approval by the Board and execution of the agreed strategy
- Accountable to the Board for developing the strategy objectives and business plans
- Responsible to the Board for the operational performance of the business
- Responsible for organisational structure and appointments, recommending changes as appropriate
- Support the Chair with ensuring effective implementation of Board decisions in respect of the business
- Responsible for leading sector and commercial relationships
- Responsible for oversight of regulatory interface
- Corporate and internal communications
- Support the Chair to ensure appropriate standards of governance throughout the Company
- Support the development of a strong and diverse talent pipeline to the Group Executive Committee and direct reports to the Group Executive Committee

Directors

- Keep the Chair promptly informed on all matters that may be of importance to the Board or of which the Board should be aware
- Responsible for employee relations including acting as a bridge between the Board and the Company's employees

Relations with Shareholders

- Be available for shareholders
- Together with the Chair deliver/manage effective communications with shareholders
- Ensure the views of shareholders are communicated to the Board as a whole to ensure they have a clear understanding of all shareholder views

SENIOR INDEPENDENT DIRECTOR (SID)

Main responsibilities: The Senior Independent Director will:

- be a Non-executive Director;
- be independent, in accordance with the criteria set out in the UK Corporate Governance Code;
- be available to shareholders if they have concerns, which contact through the normal channels of Chair, Chief Executive or other Executive Directors, has failed to resolve or for which such contact is inappropriate;
- be available to attend sufficient meetings with a range of major shareholders and financial analysts to listen to their views in order to help develop a balanced understanding of the issues and concerns of such shareholders;
- chair the People & Governance Committee when it is considering succession to the role of Chair of the Board;
- meet with the Non-executive Directors at least once a year to lead the appraisal of the Chair's performance and on such other occasions as are deemed appropriate, taking into account the views of the Executive Directors; and
- act as a sounding board for the Chair and serve as an intermediary for the other Directors when necessary.

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